

**UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE ADMINISTRATIVE LAW JUDGE**

In the Matter of:

**John E. Cepican,**

Respondent.

Proceeding No. D2014-01

May 22, 2014

**INITIAL DECISION ON DEFAULT JUDGMENT**

The above-entitled matter is before this Court on a *Motion for Entry of Default Judgment and Imposition of Disciplinary Sanction* (“Default Motion”), filed on February 12, 2013, by the Director of the Office of Enrollment and Discipline (“OED Director”) for the United States Patent and Trademark Office (“USPTO” or “Office”). On November 1, 2013, the OED Director filed a *Disciplinary Complaint Under 35 U.S.C. § 32* (“Complaint”) in this matter against John E. Cepican (“Respondent”). The *Complaint* seeks the exclusion or suspension of Respondent for committing violations of the USPTO Disciplinary Rules of Professional Conduct as set forth in 37 C.F.R. Part 10. Respondent failed to file a timely answer to the OED Director’s *Complaint* by January 23, 2014. This Court is authorized to hear this proceeding and to issue this *Initial Decision* pursuant to 37 C.F.R. §§ 11.19, 11.39.<sup>1</sup>

USPTO regulations state that such a failure to respond constitutes an admission of all allegations and “may result in entry of default judgment.” 37 C.F.R. § 11.36(e). As Respondent has not filed any response, the *Default Motion* is **GRANTED**.

**PROCEDURAL HISTORY**

On November 1, 2013, the OED Director filed a *Complaint* against Respondent. Copies of the *Complaint* were sent via U.S. first-class certified mail, return receipt requested, to Respondent’s provided address. The U.S. Postal Service returned the *Complaint* to the OED Director with the notation “Moved Left No Address, Unable to Forward.”

Considering service of the *Complaint* was unable to be accomplished pursuant to 37 C.F.R. § 11.35(a)(2)(i), the OED Director served Respondent by notice via publication pursuant to 37 C.F.R. § 11.35(b). As required, the OED Director caused an appropriate notice to be published in the Official Gazette for two consecutive weeks. Specifically, this publication occurred on December 17, 2013, and December 24, 2013. Notice via publication computes the time for filing an answer to be thirty days from the second publication of the notice. Therefore,

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<sup>1</sup> Pursuant to an Interagency Agreement in effect beginning March 27, 2013, Administrative Law Judges of the U.S. Department of Housing and Urban Development are authorized to hear cases for the U.S. Patent and Trademark Office.

Respondent's initial deadline to file an answer changed from December 2, 2013, to January 23, 2014. To date, Respondent has not filed an answer to the *Complaint*.

### DEFAULT

Section 11.36 of Title 37 of the Code of Federal Regulations states that “[f]ailure to timely file an answer will constitute an admission of the allegations in the complaint and may result in default judgment. 37 C.F.R. § 11.36(e). Respondent in this matter has failed to timely submit an answer after being properly served with the *Complaint*. Accordingly, Respondent is deemed to have admitted each of the factual allegations recounted below.

### FINDINGS OF FACT

1. Respondent has been a registered patent agent since December 6, 1973, and a registered patent attorney since July 31, 1974.
2. Respondent's registration number is 26,851.
3. In 2009 and 2010, Respondent was investigated by the OED regarding two patent applications that were abandoned without the knowledge and consent of the client due to Respondent's failure to respond to correspondence.
4. Following the investigation, the OED Director issued a warning letter to Respondent reminding him that, pursuant to 37 C.F.R. § 10.77, a practitioner has an ethical obligation to exercise due diligence in the handling of legal matters on behalf of a client.
5. The warning letter also requested that Respondent treat the letter as an opportunity to ensure that his future conduct complies with the USPTO Code of Professional Responsibility.

#### Respondent's Representation of [REDACTED]

6. Respondent represented [REDACTED] of Iowa City, Iowa, in connection with seeking patent protection for [REDACTED] two inventions, (i) a [REDACTED] [REDACTED] and (ii) an [REDACTED]
7. On September 23, 2011, Respondent filed U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”) on [REDACTED] invention for a [REDACTED] [REDACTED]
8. On October 11, 2011, the Office mailed Respondent a Notice to File Missing Parts in the [REDACTED] application. Respondent did not inform his client of this Notice, nor did Respondent file a response.

9. Respondent's failure to file a response to the October 11, 2011 Notice to File Missing Parts caused the [REDACTED] application to become abandoned without the client's knowledge or consent.
10. As a result, on June 25, 2012, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent did not inform the client of this Notice of Abandonment.
11. On February 8, 2012, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention for an emergency system.
12. On February 27, 2012, the Office mailed Respondent a Notice to File Missing Parts in the [REDACTED] application. Respondent did not inform his client of this Notice, nor did Respondent file a response.
13. Respondent's failure to file a response to the February 27, 2012 Notice to File Missing Parts, caused the [REDACTED] application to become abandoned without the client's knowledge or consent.
14. Consequently, on November 7, 2012, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent did not inform the client of this Notice of Abandonment.
15. When Respondent and [REDACTED] met on or about May 1, 2013, rather than informing the client of the abandonments of the [REDACTED] and [REDACTED] applications, Respondent knowingly misrepresented that "everything was OK" with [REDACTED] patent applications.
16. As of the *Complaint's* filing date, the [REDACTED] and [REDACTED] applications remained abandoned.

Respondent's Representation of [REDACTED]

17. Respondent represented [REDACTED] of Bellevue, Iowa, in connection with seeking patent protection for [REDACTED] invention, [REDACTED]
18. On March 5, 2009, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention.
19. On September 14, 2010, the Office mailed Respondent a non-final Office action in the [REDACTED] application. Respondent did not inform his client of this action, nor did Respondent file a response.
20. Respondent's failure to file a response to the September 14, 2010 non-final Office action caused the [REDACTED] application to become abandoned without the client's knowledge or consent.

21. On March 24, 2011, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform the client of this Notice of Abandonment.
22. After Respondent filed the [REDACTED] application, [REDACTED] endeavored to obtain a status of the application from Respondent by leaving telephone messages on his answering machine, but Respondent never returned her telephone calls.
23. As a result of Respondent failing to return telephone calls, [REDACTED] visited Respondent's office, but the door was locked and no one was present.
24. In late 2012 or early 2013, [REDACTED] spoke with Respondent via telephone and explained to Respondent that she had been trying to reach him about the [REDACTED] application.
25. During their telephone conversation, Respondent asked [REDACTED] for her telephone number and stated he would call her back. However, Respondent never called [REDACTED] back as promised.
26. As of the *Complaint's* filing date, the [REDACTED] application remained abandoned.

Respondent's Representation of [REDACTED]

27. Respondent represented [REDACTED] of Bettendorf, Iowa, in connection with seeking patent protection for [REDACTED] invention, a [REDACTED]
28. On February 4, 2009, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention.
29. On June 25, 2010, the Office mailed Respondent a non-final Office action in the [REDACTED] application. Respondent did not to inform his client of this action, nor did Respondent file a response.
30. Respondent's failure to file a response to the June 25, 2010 non-final Office action resulted in the [REDACTED] application becoming abandoned without the client's knowledge or consent.
31. On January 5, 2011, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform the client of this Notice of Abandonment.
32. During an April 2013 meeting, Respondent did not inform [REDACTED] that the [REDACTED] application had become abandoned. Instead, Respondent knowingly misrepresented to the client that Respondent was going to refile some papers with the Office.

33. Upon learning that the [REDACTED] application had become abandoned, [REDACTED] hired another patent practitioner to prepare and file a petition to revive the abandoned [REDACTED] application. The new patent practitioner filed the petition on July 17, 2013.
34. In addition to paying the new patent practitioner to prepare and file the petition, [REDACTED] [REDACTED] also paid a \$950 petition fee to the Office.
35. On August 28, 2013, the Office granted the petition to revive the [REDACTED] application.

Respondent's Representation of [REDACTED]

36. Respondent represented [REDACTED] of East Moline, Illinois, in connection with seeking patent protection for [REDACTED] invention, an [REDACTED] [REDACTED]
37. On September 15, 2008, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention.
38. On June 20, 2011, the Office mailed Respondent a non-final Office action in the [REDACTED] application. Respondent did not to inform his client of this action, nor did Respondent file a response.
39. Respondent's failure to file a response to the June 20, 2011 non-final Office action resulted in the [REDACTED] application becoming abandoned without the client's knowledge or consent.
40. On January 4, 2012, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform his client of this Notice of Abandonment.
41. As of the *Complaint's* filing date, the [REDACTED] application remains abandoned.
42. After Respondent filed the [REDACTED] application, [REDACTED] corresponded with Respondent and visited his office over a dozen times, but Respondent never provided his client with a factually accurate status of the application.
43. Respondent knew that his representations regarding the status of his client's applications were false or misleading.

Respondent's Representation of [REDACTED]

44. Respondent represented [REDACTED] of Moline, Illinois, in connection with seeking patent protection for [REDACTED] invention, a [REDACTED]
45. On April 29, 2008, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention.

46. On November 5, 2010, the Office mailed Respondent a non-final Office action in the [REDACTED] application. Respondent did not inform his client of this action, nor did Respondent file a response.
47. Respondent's failure to file a response to the November 5, 2010 non-final Office action resulted in the [REDACTED] application becoming abandoned without the client's knowledge or consent.
48. On May 24, 2011, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform his client of this Notice of Abandonment.
49. As of the *Complaint's* filing date, the [REDACTED] application remained abandoned.

Respondent's Representation of [REDACTED]

50. Respondent represented [REDACTED] of East Moline, Illinois, in connection with seeking patent protection for [REDACTED] invention, a [REDACTED].
51. On December 26, 2007, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention.
52. On January 29, 2008, the Office mailed Respondent a Notice to File Missing Parts in the [REDACTED] application. Respondent did not inform his client of this Notice, nor did Respondent file a response.
53. Respondent's failure to file a response to the January 29, 2008 Notice to File Missing Parts resulted in the [REDACTED] application becoming abandoned without the client's knowledge or consent.
54. On October 6, 2008, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform his client of this Notice of Abandonment.
55. As of the *Complaint's* filing date, the [REDACTED] application remained abandoned.

Respondent's Representation of [REDACTED]

56. Respondent represented [REDACTED] of Blue Grass, Iowa, in connection with seeking patent protection for [REDACTED] invention, a [REDACTED].
57. On November 8, 2010, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention.

58. On August 5, 2011, the Office mailed Respondent a Notice to File Missing Parts in the [REDACTED] application. Respondent did not inform his client of this Notice, nor did Respondent file a response.
59. Respondent's failure to file a response to the August 5, 2011 Notice to File Missing Parts resulted in the [REDACTED] application becoming abandoned without the client's knowledge or consent.
60. On April 13, 2012, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform his client of this Notice of Abandonment.
61. As of the *Complaint's* filing date, the [REDACTED] application remained abandoned.

Respondent's Representation of [REDACTED] and [REDACTED]

62. Respondent represented [REDACTED] and [REDACTED] of Davenport, Iowa, in connection with seeking patent protection for their invention, a [REDACTED]
63. On May 1, 2007, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] and [REDACTED] invention.
64. On May 25, 2007, the Office mailed Respondent a Notice to File Missing Parts in the [REDACTED] application. Respondent did not to inform his clients of this Notice, nor did Respondent file a response.
65. Respondent's failure to file a response to the May 25, 2007 Notice to File Missing Parts resulted in the [REDACTED] application becoming abandoned without the clients' knowledge or consent.
66. On February 5, 2008, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform the clients of this Notice of Abandonment.
67. As of the *Complaint's* filing date, the [REDACTED] application remained abandoned.

Respondent's Representation of [REDACTED]

68. Respondent represented [REDACTED] of Bettendorf, Iowa, in connection with seeking patent protection for his invention, a [REDACTED]
69. On December 27, 2005, Respondent filed U.S. Patent Application No. [REDACTED] ("the [REDACTED] application") on [REDACTED] invention.

70. On January 22, 2008, the Office mailed Respondent a non-final Office action in the [REDACTED] application. Respondent did not inform his client of this action, nor did Respondent file a response.
71. Respondent's failure to a response to the January 22, 2008 non-final Office action resulted in the [REDACTED] application becoming abandoned without the client's knowledge or consent.
72. On September 17, 2008, the Office mailed Respondent a Notice of Abandonment in the [REDACTED] application. Respondent failed to inform his client of this Notice of Abandonment.
73. As of the *Complaint's* filing date, the [REDACTED] application remained abandoned.

#### Respondent's Neglect of Additional Client Matters

74. Respondent neglected other patent applications entrusted to him, including U.S. Patent Application Nos. [REDACTED]  
[REDACTED]
75. Respondent neglected each of the aforementioned patent applications by failing to respond to Office communications which, in turn, resulted in the applications becoming abandoned without the knowledge or consent of his clients.

#### Respondent's Failure to Cooperate with OED Investigation

76. The OED sent, and Respondent received, a Request for Information ("RFI") dated February 8, 2013. Respondent failed to respond to this RFI.
77. The OED sent, and Respondent received, another RFI dated March 15, 2013. Again, Respondent failed to respond to an RFI.
78. On May 14, 2013, Respondent telephoned the OED and acknowledged that he had received the February 8, 2013 RFI and the March 15, 2013 RFI.
79. During this telephone call with OED, Respondent requested the opportunity to respond to the February 8, 2013 RFI and the March 15, 2013 RFI by June 14, 2013.
80. The OED granted Respondent's extension request, however Respondent failed to respond by June 14, 2013.
81. As of the *Complaint's* filing date, Respondent had not responded to the February 8, 2013 RFI or the March 15, 2013 RFI.

## CONCLUSIONS OF LAW

1. Pursuant to 37 C.F.R. § 10.23(a), a “practitioner shall not engage in disreputable or gross misconduct.” 37 C.F.R. § 10.23(b)(5) specifies this misconduct, stating that “a practitioner shall not [e]ngage in conduct that is prejudicial to the administration of justice.” Further, 37 C.F.R. § 10.23(c)(8) proscribes “[f]ailing to inform a client or former client or failing to timely notify the Office of an inability to notify a client or former client of correspondence received from the Office or the client's or former client's opponent in an inter partes proceeding before the Office when the correspondence (i) could have a significant effect on a matter pending before the Office, (ii) is received by the practitioner on behalf of a client or former client and (iii) is correspondence of which a reasonable practitioner would believe under the circumstances the client or former client should be notified.”
2. Respondent violated 37 C.F.R. § 10.23(a)-(b), via § 10.23(c)(8), by failing to inform his clients of Notices to File Missing Parts, non-final Office actions, and Notices of Abandonment.
3. Pursuant to 37 C.F.R. § 10.77(c), “a practitioner shall not [n]eglect a legal matter entrusted to the practitioner.”
4. Respondent violated 37 C.F.R. § 10.77(c) by not communicating with clients about, or responding to, Office communications received on their behalf; abandoning clients’ patent applications without their knowledge or consent; and not responding to his clients’ various attempts to communicate with him.
5. Pursuant to 37 C.F.R. § 10.89(c)(6), a practitioner shall not intentionally or habitually violate the USPTO Code of Professional Responsibility.
6. Respondent violated 37 C.F.R. § 10.89(c)(6) by repeatedly neglecting to respond to Office communications received on behalf of his clients, repeatedly neglecting to respond to the clients themselves, and repeatedly abandoning those clients.
7. Pursuant to 37 C.F.R. § 10.23(b)(6), “a practitioner shall not [e]ngage in any other conduct that adversely reflects on the practitioner’s fitness to practice before the Office.”
8. The OED Director has not alleged any “other conduct” of the sort envisioned by 37 C.F.R. § 10.23(b)(6). The Court therefore has no basis to find a violation of this regulation. See [REDACTED]

## SANCTIONS

The OED Director requests that the Court sanction Respondent by excluding him from practice before the USPTO in patent, trademark, and other non-patent matters. Before sanctioning a practitioner, the Court must consider the following four factors:

- (1) Whether the practitioner has violated a duty owed to a Client, to the public, to the legal system, or to the profession;
- (2) Whether the practitioner acted intentionally, knowingly, or negligently;
- (3) The amount of the actual or potential injury caused by the practitioner's misconduct; and
- (4) the existence of any aggravating or mitigating factors.

37 C.F.R. § 11.54(b).

1. Respondent Violated his Duties to Clients and the Legal Profession.

Respondent agreed to represent his clients in connection with seeking patent protection for their inventions, and was therefore obligated to perform the agreed-upon legal services on their behalf. While Respondent did prepare and file the initial patent applications, they were ultimately abandoned due to his neglect. Furthermore, Respondent did not inform his clients of important Office correspondence, and went as far as misrepresenting the statuses of their applications.

Respondent proves to be unresponsive by ignoring several client inquiries, as well as RFIs sent by OED. Respondent violated his duty to maintain the integrity and competence of the legal profession. This duty is a canon of the USPTO Code of Professional Responsibility. See 37 C.F.R. § 10.21; 37 C.F.R. § 10.20(a) (a canon is a statement "expressing in general terms the standards of practitioners in their relationships with the public, with the legal system, and with the legal profession."). By engaging in dishonest conduct during his practitioner-client relationship with his clients, Respondent damaged the integrity of USPTO practitioners. Accordingly, the maximum sanction is warranted.

2. Respondent Acted Knowingly and Intentionally.

Respondent acted knowingly and intentionally because his repeated practice of preparing and filing patent application continuously resulted in receiving multiple Notices to File Missing Parts, non-final Office actions, and Notices of Abandonments.<sup>2</sup> These documents requested

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<sup>2</sup> Respondent has failed to appear in these proceedings and has, therefore, waived the opportunity to contest the OED Director's assertions as to this state of mind, which is deemed admitted by default. Circumstantially, Respondent's acts and omissions leading to the violations of the USPTO Code of Professional Responsibility alleged in the Complaint appeared willful.

further action and communication with the client, yet Respondent consistently disregarded these requirements, ultimately resulting in the applications becoming abandoned. Moreover, he knowingly and intentionally misrepresented to at least three clients regarding the status of their applications. This factor supports a maximum sanction.

### 3. Respondent's Misconduct Caused Actual Injury.

Respondent's neglect of matters entrusted to him allowed his clients' patent applications to become abandoned without their respective knowledge and consent. This abandonment of patent applications injured the clients' respective intellectual property rights. Additionally, one client was forced to pay additional fees to another practitioner and to the USPTO in order to revive his patent application, which was abandoned due to Respondent's negligence. As Respondent's misconduct caused an injury to his clients, the maximum sanction is warranted.

### 4. Are There Any Aggravating or Mitigating Factors?

The Court often looks to the ABA's Standards for Imposing Lawyer Sanctions ("ABA Standards") when determining whether aggravating or mitigating factors exist. See In re Chae, Proceeding No. D2013-01, at 4 (USPTO Oct. 21, 2013). A review of the record reveals that several aggravating factors exist in this case.

First, a prior disciplinary offense constitutes an aggravating factor under ABA Standards. As recently as 2010, Respondent was investigated by the OED regarding two patent applications that became abandoned without the knowledge or consent of the client due to Respondent's failure to respond to Office correspondence. Following the investigation, on March 3, 2011, Respondent received a warning letter from the OED Director. This letter expressly reminded Respondent of his ethical obligation to exercise due diligence in the handling of legal matters on behalf of a client. The letter also requested Respondent to treat the warning as an opportunity to ensure future conduct complies with the USPTO Code of Professional Responsibility.

The OED's warning letter was issued only seven months prior to Respondent's first reported incident in the *Complaint*. This short time span should have translated to Respondent becoming keenly aware of his ethical obligation to exercise due diligence. Furthermore, the warning letter pertained to the exact misconduct that Respondent chose to repeat. Respondent's failure to adhere to OED's recent warning letter displays significant disregard and Respondent's inability "learn from one's mistakes." Accordingly, Respondent's prior disciplinary offense is an aggravating factor.

Second, whether an attorney has substantial experience in the practice of law constitutes an aggravating factor. Respondent has been a registered patent attorney since mid-1974, equating to almost forty years of experience. Thus, Respondent is fully aware of his legal and ethical obligations to his clients, as well as the possible repercussions to their invention's intellectual property rights when Respondent becomes unresponsive to the USPTO's requests. Respondent's unresponsiveness has resulted in numerous clients' patent applications becoming abandoned. In addition, the forty years that Respondent has practiced law has surely indicated the importance of maintaining open avenues of communication with one's client regarding the

progression of their case. However, even with this lengthy experience, Respondent has shown a blatant disregard for his clients' best interests. Accordingly, Respondent's substantial experience is an aggravating factor.

Lastly, Respondent's pattern of misconduct and multiple offenses constitute an aggravating factor. In each case, Respondent failed to inform his client of any issues or respond to the USPTO's important correspondence leading to the abandonment of nearly twenty patent applications belonging to over a dozen clients. Considering the egregiousness of Respondent's misconduct, the maximum sanction is warranted.

### ORDER

On the basis of Respondent's deemed admissions, and after an analysis of all four enumerated factors, this Court concludes that Respondent's misconduct warrants the penalty of exclusion. Accordingly, the *Default Motion* is **GRANTED**.

**IT IS HEREBY ORDERED** that Respondent John E. Cepican, PTO Registration No. 26,851, be **EXCLUDED** from practice before the U.S. Patent and Trademark Office in all matters.

So **ORDERED**,



Alexander Fernández  
Administrative Law Judge

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**Notice of Appeal Rights.** Pursuant to 37 C.F.R. § 11.55, any appeal by the Respondent from this *Initial Decision* must be filed with the U.S. Patent and Trademark Office at the address provided in 37 C.F.R. § 1.1(a)(3)(ii) within 30 days after the date of this *Initial Decision*. The specific requirements for filing an appeal with the USPTO Director may be found at 37 C.F.R. § 11.55. In the absence of a timely appeal from any party, this *Initial Decision* will become final and effective 30 days from issuance.

## CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing INITIAL DECISION AND DEFAULT JUDGMENT, issued by Alexander Fernández, Administrative Law Judge, in D2014-01, were sent to the following parties on this 22<sup>nd</sup> day of May 2014, in the manner indicated:

  
Cinthia Matos, Docket Clerk

### VIA FIRST CLASS MAIL:

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